

relief program. Its purposes, objectives, and the means by which it is to be carried out are distinguishable from any previous Federal program. I believe that the bill is philosophically, economically, and morally unjustifiable.

"This bill seeks to distinguish between unemployed workers according to arbitrary geographical classifications. Only certain areas which meet certain standards would be eligible for whatever benefits might accrue under the legislation.

"In Massachusetts we have an extremely critical unemployment situation in one of our major industrial communities—North Adams. In February, 16.5 per cent of the labor force was unemployed; and that figure has, I am sorry to say, risen in view of the recent textile-mill closings. Local officials estimate the figure now to be 22 per cent. But North Adams would not qualify under this bill. Jasper, Ala., with less than 6 per cent unemployment, would qualify, as would many other communities across the Nation with 6 or 7 per cent unemployment. Lawrence, Mass., would qualify with 10.6 per cent unemployment; New Bedford, Mass., with 10.7 per cent unemployment would not.

"But an even more fundamental objection to the bill is the vesting of authority in an administrative official to determine by rather vague and arbitrary standards which communities are to get what aid, and when.

"I, for one, would find it difficult to explain to the workers of Newburyport or Taunton or Marlboro or Worcester why the Federal Government could not include them in this program when their neighbors in Lawrence were receiving aid. I would find it even harder to explain to them why their tax dollars were being used to help the industrial redevelopment of a neighboring community whose actual economic condition is perhaps less severe than theirs.

"As a former governor and as a former city official in the Commonwealth of Massachusetts, I have a deep appreciation of the problems which local communities face with respect to industrial development. I am extremely sympathetic toward communities which through technological changes, foreign trade, or general economic conditions lose major industries which their communities have depended upon for many years. We have experienced in Massachusetts and in New England our share of industrial decline in many communities.

"But we have in almost every instance met this adversity with imagination and industry. We have local industrial development commissions in almost every industrial center in the State. The story of Lawrence's industrial redevelopment has been given nationwide publicity. The city has earned the admiration of all for the manner in which it has

shouldered its responsibilities and regained its industrial strength. In Lowell, Mass., the local officials and civic-minded citizens have worked together to restore thousands of jobs in diversified industries after textile mill closings brought about a severe depression. The city built and housed new plants and attracted new industry. Cities such as Quincy, Mass., have undertaken a number of ambitious civic projects which have kept the city strong, and I am pleased that Quincy is today among those areas not classified as labor surplus. Fall River as a civic project constructed a modern manufacturing plant and attracted an industry from outside to use it. Other communities in Massachusetts are taking equally imaginative and vigorous steps to aid their own local economies.

"We must not discourage local and private enterprise. We must not force local communities to turn to the Federal Government for aid and to compete to meet some arbitrary standard in order to receive certain Federal benefits. We must not force them to compete for political favor with a Federal administrator or to seek the intervention of the Federal Government in their competition to attract particular new industries.

"Of the 17 communities listed in Massachusetts as labor surplus areas, only 2 or 3 could qualify under the act. Yet, the whole State would be asked to support a portion of the direct grants provided by the bill and other costs of the bureaucracy needed to administer it.

"We can do the job in Massachusetts more equitably, more efficiently, and more effectively."

by HON. STROM THURMOND

United State Senator, South Carolina, Democrat

From a speech made on the floor of the Senate on May 13, 1958.

"THE BILL before this body today represents one of the longest strides toward state socialism that the Senate has considered in recent years. It is a step toward a system of Government-controlled industrial production in which efficiency is the least of the objectives. It is an attempt to defy the laws of economics. These are strong statements, and I shall elaborate on them.

"The minority views, in a few short pages, have pointed out more defects in the bill than I had thought conceivably could exist in one piece of proposed legislation, yet if they erred in their remarks, it was on the side of leniency.

"The bill is plainly discriminatory. It would benefit only those living in certain arbitrarily designated geographic areas. The bill commits the Federal Government to a program

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or unemployment in scattered communities as a purely local problem. It is of fundamental concern to every citizen in the country, whether he is one of those who is presently fortunate enough to live in an area which has not yet suffered the pangs of chronic unemployment or whether he lives in a community where full employment is but an infrequent interlude.

"The principle of Federal responsibility for local problems is recognized by the Federal legislation dealing with social welfare. It is recognized by Federal support to reclamation projects in the West, by the Tennessee Valley Authority, and by the declaration of Congress in the Employment Act of 1946 that 'it is the continuing policy and responsibility of the Federal Government to use all practicable means for the purpose of creating and maintaining conditions under which there will be afforded useful employment opportunities, including self-employment for those able, willing, and seeking to work and to promote maximum employment, production and purchasing power.'

"This responsibility is as old as the Federal Government. On December 5, 1791, Alexander Hamilton, the then Secretary of the Treasury, reported to the Congress upon the promotion of industry and manufactures. In the course of this historic report he stated:

"It is not uncommon to meet with an opinion that though the promoting of manufactures may be the interest of a part of the Union, it is contrary to that of another part. The northern and southern regions are sometimes represented as having adverse interests in this respect. Those are called manufacturing, these agricultural States and a species of opposition is imagined to subsist between the manufacturing and agricultural interests.

"This idea of an opposition between those two interests is the common error of the early period of every country, but experience gradually dissipates it. Indeed, they are perceived so often to succor and befriend each other that they come at length to be considered as one.'

"The common error of assuming that unemployment in one section of the country does not affect every other part of the country has been dissipated.

"I think this is certainly recognized in the way the bill has been drafted.

"I do not mean to imply that local communities should not help alleviate the unfortunate conditions in which they may find themselves. However, it is hardly necessary to urge the hard-hit community to continue to exert every effort to hold and foster business development. This bill will provide a measure of encouragement to them and will provide some funds for technical assistance in determining the aptitude of the distressed area. It will also assist the local govern-

ment and local citizenry by providing for vocational training in such new skills as might be necessary and furnish modest subsistence payments while that learning is in progress.

"I am proud that New England has always taken the lead in the organization of local area development authorities composed of private citizens and lending institutions dedicated to the proposition that it is good business to foster area redevelopment. The first such corporation was organized in Maine in 1949. As of the end of 1957 the 6 New England States with active development corporations had approved a total of 290 loans valued in excess of \$20 million. It is interesting to note that only 5 loans totaling \$68,000 have been defaulted. Although a development corporation need not, in theory, limit its activities to areas of chronic unemployment, it is good business to use the manpower and skills being wasted. A good many of these loans are, therefore, made to communities which are in the surplus labor category. For instance, one-quarter of the total volume of loans made by the Massachusetts Development Corp. have been given to New Bedford, Fall River, Lawrence, Lowell, Milford, and Southbridge. All of these have a continuing unemployment problem.

"Local communities, however, have neither the resources nor the knowledge to do the job themselves. It is a nationwide problem and demands a nationwide solution. One of the most progressive cities in Massachusetts is Fall River, a city with over 100,000 people within its geographical limits and the center of a metropolitan district of perhaps 150,000 people. For reasons over which it has no control, it now is an area of substantial labor surplus. It can achieve a modest prosperity only if it can replace lost industries with either new industries or an expansion of present facilities. The citizens of Fall River have a development corporation in which 1,000 persons have bought stock at \$5 per share. They have built a modern industrial building and loaned various sums both to industries already in the city and to industries desiring to enter this market. This has, undoubtedly, helped them with their problem. In spite of this, in January 1958 1 out of every 8 persons in the labor force in that community was unemployed, and I understand that that figure is substantially higher today. This condition could have been alleviated somewhat if this bill had been in effect. By clearing up the Quequechan River supplying industrial water a substantial expansion in employment can be achieved.

"I could go on and detail similar needs and similar frustrations for Fitchburg, Greenfield, Marlboro, Milford, Newburyport, North Adams, Pittsfield, Southbridge-Webster, Taunton, and Ware. All of these are areas of substantial labor surplus today. All of them must be helped to achieve the goal of full employment which we must all recognize as basic to our American way of life.

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of improving the economic welfare of the residents of these areas at the expense of the residents of other areas.

"The bill also poses insurmountable administrative difficulties. The program overlaps existing programs in the Department of Commerce and in the Department of Agriculture. It provides retraining subsistence payments to unemployed persons that are, which payments are, for all practical purposes, supplements to the existing unemployment compensation programs; a supplement which lacks, however, the sound financial approach of existing programs. Efforts of State and local organizations in this field are brushed aside, apparently in the belief that in the spending of the Federal taxpayers' dollar lies the solutions to the problems with which these groups have been struggling.

"One of the most unnecessary and abominable features of the bill is the part that undertakes to supplement the Community Facilities Act, so recently passed by this body. To the billion dollars there authorized, the proponents would have us add authorization for additional funds to be administered by a different agency within the same agency.

"This is administrative duplication turned back inside of itself, like a snake swallowing its own tail.

"We should understand clearly that this is not a temporary program. The committee report sets that fact on the record very plainly. It is a bill for the aid of chronically depressed areas, or, as the committee has said, those that 'have suffered from a high level of unemployment and underemployment, year after year, in good times and bad.'

"There is a corollary to be drawn from this fact. The authorization for the outlay of \$380 million asked in this bill is only the beginning. It is highly unlikely that the sum will meet the immediate demand, and a dead certainty that it will not begin to meet the demand that will continue year after year.

"The problem of chronically distressed economic areas is not a new one. We have always had areas which have been less prosperous, year in and year out, than other areas. It is a problem which has had the careful attention of many groups, in State and local government and in the business and financial community. Yet, significantly, the location of private industry is an area in which the Federal Government has no backlog of experience on which it can rely.

"As for the portion of the program that deals with the revitalization of rural areas, I can only conclude that this portion of the bill was written in the hope that it would attract some support for this legislation in rural areas. It selects for rural redevelopment the 300 counties that appear to be, by the arbitrary criteria written into the bill, those

most in need of developing. As it happens, these are primarily agricultural areas, and mainly in the southern part of the country.

"In view of the setbacks which agriculture has suffered in recent years, it is important that more industries be located in our rural areas. The task of locating industries in our rural areas, however, should be the job of local communities, their development boards, their chambers of commerce, and private industry. The Federal Government should not be permitted to spend and lend the money of all the people for the purpose of favoring any one area over another with industrial development. This is another case of the right idea with the wrong approach.

"All of these objections, and many others, the minority views clearly indicated. There are others which are not enumerated by the minority views.

"An outstanding example is the inclusion of the Davis-Bacon wage-fixing provisions in the bill. Surely we are not still unaware that this very provision has upset and damaged more local economies than this bill could possibly remedy, even were it feasible otherwise.

"I am of the opinion, then, that the bill is discriminatory, administratively unworkable, and extremely expensive. These alone would be reasons enough for me to oppose it.

"However, the main reason for my opposition, as I stated at the outset of these remarks, is that the program envisioned by the bill would encourage a system of state socialism, and the most inefficient form of socialism at that.

"I was impressed particularly by two sentences in the committee report, in which the framers of the bill stated the manner in which money would be allocated for the construction of public facilities.

"The organization requesting the grant must contribute to the cost of the project in proportion to its ability to contribute. The grant would be limited to the amount necessary to assure completion of the project.

"The same thought was put more succinctly by Karl Marx in 1875 in his famous maxim of communism, 'From each according to his abilities, to each according to his needs.'

"What are the roots of the problem? If an area is economically depressed, if the people there fail to make a decent living, year after year, there must be some reason for it. Chronic hard times do not happen by chance.

"One of the principal reasons for chronic economic distress is the loss of industry because of technological changes. For example, at the present time we find distress in some areas where the economy is dependent on the mining of coal. Some communities that have depended solely on the textile industry for their economic base have suffered by

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"I urge the Senate to pass S. 3683. I believe it is particularly necessary that this be done. Some of us who live in States where the communities have been chronically hard pressed have had their representatives come to us for assistance. We send those representatives to the various agencies of Government, yet they are sent back home with no assistance. I believe the program contemplated by the bill would really do something for those communities."

by HON. JOSEPH S. CLARK
United States Senator, Pennsylvania, Democrat

From a speech made on the floor of the Senate on May 12, 1958.

"WHILE MY STATE has long-bleeding economic wounds, I rise to support the bill as a matter of national interest, and not merely because it will, of course, be of some real benefit to my State.

"Let me point out briefly how we in the Commonwealth of Pennsylvania are in this condition, and why it is that today we have so many areas with great industrial unemployment, a situation which has lasted a long time.

"Like the great State of Oregon, we had a fine lumber industry. Foolishly, we cut our timber too quickly, and a great industry was destroyed. Many people were thrown out of work. Too late in the day we learned the lesson of conservation. Pennsylvania's forests are rebuilding under sound conservation principles. It will not be too long in the future before we will again have a thriving lumber industry. Yet, where formerly the Susquehanna River was choked with logs, there now flows an empty stream, because industry has temporarily disappeared.

"Like States of New Hampshire and Connecticut, Pennsylvania had a prosperous textile industry. It moved away because of a series of complicated reasons, which are of no importance to recite here today, but the industry has pretty well disappeared. People who used to work in it were left behind to seek other employment.

"When I was a boy, anthracite was burned on the hearths of most families in the Northeast and in many parts of the Middle West within the freight rate range of that type of fuel. Today we know that anthracite has given way to oil and gas, that the mines are worked out in many instances, and that improved mine equipment has displaced many workers, with the result that the northeastern areas of Pennsylvania which were once among the most prosperous in the nation are today in sad economic distress.

"Similarly in other places in the State, particularly in the southwest, the bituminous industry has suffered the same fate. To be sure, there is some hope that coal will come back as the great demands for energy all over the world increase and as we to some extent acquire additional export markets, thanks to our foreign trade policies. Therefore, we still do not have to turn the chapter down and close the book. However, when we consider automation and the obsolescence of the beehive-type coke oven in steelmaking, we realize that the bituminous industry is in a bad way.

"Some of the great railroads used to afford employment for thousands and thousands of Pennsylvanians—the Reading, the Lackawanna, the Erie, the Pennsylvania, the Baltimore & Ohio. Altoona and Tyrone were railroad towns. So were many other small towns up and down the central part of Pennsylvania, where car repairs and the repair of steam locomotives kept whole communities going. But with the coming of the diesels, that industry has largely gone. Today, with the competition of the trucks and the airlines, the railroad industry is in a depressed state, and we in Congress are about to do something to help them.

"Pennsylvania is a great steel State, having many fine steel mills. Yet last year, when more steel was being turned out than ever before, 30,000 fewer Pennsylvanians were working in the steel mills because of the coming of automation. Those men are out of jobs.

"Those are the causes, primarily, of our so-called depressed areas.

"It may be asked by some of my colleagues—and I honor and respect them for their views—'Why don't they get away from the community? Why don't they leave? Why don't they recognize that theirs is a ghost town, like the old silver-mine towns in Colorado or the old gold-mine towns such as Sutter's Mill in California? Why don't they pick up and leave?'

"I will tell you why. There are two good reasons. First, because they love their community, and they are not ready to quit. That is where they brought up their children. That is where they own their homes. That is the place in which they have pride. That, to them, is America. Nobody is going to chase them out of there so long as they have any chance at all of making a go of it.

"There is another reason why they do not leave, and that is economics. Most of them own their own homes. Most of them have a little property. Everything they have in the world is there. When they do move to a new place—many of them while still in the prime of life—to find new jobs in industries in which they have no natural skills or training, the world is indeed difficult for them.

"Some may say that is a part of the American system, and that they should be willing to make the move. Perhaps

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the impact of the long-term depression which that industry has suffered—with very little sympathy from the Federal Government—since the end of World War II. Several resort cities are on the list of the chronically afflicted; they do not have the industrial base which makes for a sound economy.

“The story is different in every case, but all the stories have one thread in common. The communities that are suffering the most are the ones that have lacked diversification in industry.

“The problem suggests its own answer, and it is an answer which the sponsors of the bill have apparently seized without fully weighing the consequences. If a community lacks diversification of its economy, they have reasoned, let the Federal Government help it to diversify.

“But why the Federal Government? There is no shortage of investment capital in the United States. Why do not American industrialists, with all of their supposed ingenuity and foresight, build plants in the areas where labor is in surplus? Why will they require the guidance and urging of the Federal Government?

“I think we must face the harsh fact that there are areas which are, for one reason or another, unsuitable for further industrial development at this time. They may be too far removed from their natural markets, they may be lacking in raw material, the local tax structure may be unsound or the local labor market may be priced too high to meet competitive conditions in a particular industry.

“There are many reasons why an industrialist may not be anxious to move into a given community. Fortunately, local citizens can do much, by imaginative and concerted effort, to remove some of their handicaps. Industrial development boards are in operation in many communities. Local and State chambers of commerce play an important part. Local government, too, can encourage the advent of new industry by careful tax planning.

“I will not deny that some communities are handicapped by natural factors which cannot be brought under control by human intervention.

“The effect of the passage of S. 3683 will be to give these economically ailing communities a transfusion of Federal money with the hope that it will bring about a cure.

“The principal fallacy of the bill is that this kind of treatment does not strike at the roots of the malady. It merely eases the symptoms, and encourages the patient to return for further treatment over an indefinitely extended period of time.

“The bill encourages industry to move into areas where

it is not inclined to go, because, under normal circumstances, industry could not make a profit in those areas. I doubt that the bill, if passed, will be very successful in this endeavor. The inducements offered are not enough to bring a hard-headed businessman into an area in which he will operate under a serious handicap in competition with his competitors.

“Indeed, the bill may have an effect of a kind opposite to that which is intended. One of the general problems of industry in the United States is that we are at a point where Federal taxation threatens to dry up the reservoir of capital with which industry expands. The proposal to embark on this new program carries with it the clear implication that it will be supported and expanded through taxation. To the extent that the cost of the program falls on industry, it will inhibit the ability of industry to expand through its own efforts.

“Assuming that the bill does achieve its purpose, to some limited degree, it will bring about new problems far worse than the ones it is supposed to solve. It will provide the stricken community with a hand-to-mouth existence, encourage it to borrow beyond its means for public construction, and, in the long run, encourage the development of an economy based on a Federal dole.

“The end result of such a Federal policy can only be the senseless one of locating industry in the areas least suitable for its growth. This is no way to foster the economic development of the United States. We will all be better off—those in the chronically depressed areas as well as those in other areas—if we follow, in this country, a policy of locating industries in the places best adapted for industry.

“The most effective way to aid areas where the economy is depressed is through measures which will stimulate the whole of our American economy. We need some revisions in our foreign-trade and foreign-aid programs, which have operated to the serious detriment of vital segments of American business. We need to practice strict economy in every department of Government, with the aim of removing some of the heavy burden of taxation with which our economy is saddled. We need to remove some of the heavy burden of Government regulation which requires the businessman to make a multitude of complex and expensive reports to a whole host of Federal agencies.

“I am in sympathy with the residents of areas with chronic economic problems, but I am convinced that this legislation does not contain any solution to their dilemma. It could only frustrate the efforts being made to solve the problem on a sensible basis.

“I do not favor socialism. Even if I did, I would not favor this bill. It is a socialistic bill with so many defects in it that even the dubious advantages of socialism would not be attained.”

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some day they will have to. But so far as I am concerned, that will not happen until the full strength of the credit of the Federal Government has been made available to help these brave people make their own way under the free enterprise system, by borrowing money at an interest rate sufficiently low to enable them to pay back 100 cents on the dollar, so they can make the place where they were brought up, and where they live, the kind of place where their children will want to live.

"Therefore, in my opinion, the bill represents a great moral issue, not merely an economic one.

"Let me discuss for a moment what the people of my Commonwealth have done to help themselves. Community leaders from every walk of life have organized and have engaged in subscription drives for funds. I have seen such plans in operation at Pottsville and at Wilkes-Barre; in fact, I have seen them in operation all over the Commonwealth of Pennsylvania. Under such plans, money is raised by public subscription, some in larger amounts, some in amounts as little as \$1 a week or less paid by the men who still are at work. By means of the funds so raised, from 40 per cent to 50 per cent of the cost of the proposed building is obtained. The local banks provide the remainder, on a first mortgage. Sometimes the community has already located a user for the building; in other cases, the community proceeds to create an industrial park and to erect a modern, one-story building on a speculative basis, and then tries to find a company which wishes to expand. The community is able to offer such a company a building ready for occupancy, plenty of space, and an adequate labor supply.

"In the past 10 years, 52 Pennsylvania communities have financed 151 factory buildings, at a total investment of \$54 million, with almost every cent of it raised locally. Every plant is occupied; and before the present recession, the self-reliance of the people of the Commonwealth of Pennsylvania who live in these distressed areas had created 31,000 jobs which previously did not exist there.

"So in favoring the enactment of the bill, we do not propose that local initiative be displaced. We do not propose that such help be given to communities that are unwilling to help themselves. We propose that such help be given to communities that have strained themselves to the limit, and have exhausted themselves in the process of lifting themselves up by their own bootstraps.

"The Commonwealth of Pennsylvania is proceeding to help the communities which have erected those 151 plants to erect still more plants.

"In the brief period since that State law was enacted in 1956, the State has invested in 47 projects, located in 26

communities—nearly all of them in depressed areas, representing a total investment of \$17 million, in 20 months; and, as a result, there are employed at this time 8,800 persons who, in the absence of this State effort to help our people help themselves, would now be added to our unemployed.

"So when some ask, 'Why is Federal money needed?' we reply that there is a limit to how much more can be raised through public subscription drives. Federal money is needed because we are broke; we have done just about everything we could do; the till is empty; no more money remains in the bank. This is our last grasp, in our effort to save these hundreds of thousands of people in our stricken industrial communities who for 10 years have been fighting, with their backs against the wall, in an effort to solve a problem which they can solve if the Federal Government will only give them a little more credit, and thus will help them to solve it. Our experience shows that in that way we can solve it, for we have already solved it insofar as a part of the problem is concerned. But we cannot proceed now without the requested assistance.

"I have dwelt at some length on the situation which exists in the Commonwealth of Pennsylvania because I know it best, and because I want to show that no other people of the country have a higher sense of self-reliance or a greater desire to help themselves or greater courage or more real Americanism than do the people of the Commonwealth of Pennsylvania.

"What the bill proposes to do for Pennsylvania, it will do throughout the length and breadth of our land. The proposed assistance is needed in order to help patriotic Americans who are ready to do all that is within their power, and who ask only for a helping hand—not for charity, but for the hand of compassion and of justice, the same hand that is extended to those who have suffered as a result of floods or as a result of depressed conditions in cotton farming or in the woolgrowing industry or among the wheat farmers or among small businesses.

"We do not request handouts. We wish to have the free-enterprise system put back to work.

"The program under the bill is not socialism. Instead, it is free enterprise in action.

"The program under the bill is not charity. Instead, it is a program of helping people to help themselves.

"This bill, if passed, would create wealth. It would eliminate the need for a dole. It would remove unemployment compensation from being a drag on the industry of our country and of our States.

"So I say this is a bill in the tradition of America. It is a free enterprise bill. It is a bill which should pass, and pass by a resounding majority."

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